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SUBJECT: THAILAND - INVESTMENT CLIMATE STATEMENT, 2006

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Following is the 2005 Investment Climate Statement for Thailand. Section headings conform to those provided in reftel paragraph 4.
OPENNESS TO FOREIGN INVESTMENT
The Royal Thai Government (RTG) has long maintained an open, market-oriented economy and encouraged foreign direct investment as a means of promoting economic development, employment, and technology transfer. Thailand welcomes investment from all countries and seeks to avoid dependence on any one country as a source of investment.
In the wake of the 1997-98 Asian Financial Crisis, the RTG embarked on an International Monetary Fund (IMF)-sponsored economic reform program designed in part to foster a more competitive and transparent climate for foreign investors. Legislation establishing a new bankruptcy court, reforming bankruptcy and foreclosure procedures, and allowing creditors to pursue payment from loan guarantors was enacted in 1999. Other 1999 reforms include amendments to the Land Code, Condominium Act, and the Property Leasing Act, all of which liberalized restrictions on property ownership by non-Thais. Many aspects of the IMF reform measures were controversial, and were resisted strongly by the political opposition and other powerful elements of Thai society. Inconsistent political will for reform, weak bureaucratic implementation of some measures and a strongly recovering economy has meant that reform efforts have slowed considerably since the Thaksin administration took office in 2000 and focused its efforts on stimulating domestic consumption
Replacing the 1972 National Executive Council Announcement Number 281, otherwise known as the Alien Business Law, the Alien Business Act of 1999 governs most investment activity by non-Thai nationals and opened limited additional business sectors to foreign investment. Nevertheless, foreign investment in most service sectors is limited to 49 percent ownership.
The Thaksin government has begun a series of Free Trade Agreement negotiations in an effort to gain a comparative advantage for Thai products in key markets/regions. In addition to completed FTAs with Australia, New Zealand, Bahrain, Peru and BIMSTEC, and 'early harvest agreements with China and India, Thailand is holding talks with, Japan, ASEAN-China, European Free Trade Area and the U.S. An agreement with Japan is expected to be singed in April 2006.
On taking office, the Thaksin government implemented a "dual track" development approach that combines building domestic economic capacity with facilitation of foreign trade and investment. By all accounts, this approach has been successful in reviving the Thai economy. In 2003, gross domestic product (GDP) grew by 7.0 percent as Thailand posted one of the fastest growth rates in East Asia. Although the regional SARS outbreak affected tourism, it had little impact on overall economic growth. Although consumer demand and exports remained strong in the first part of 2004, the avian flu, political unrest in the South, and rising oil prices moderated the pace of GDP growth to 6.2 percent for the year.
On December 26, 2004, a tsunami hit six provinces in southern Thailand, one of the country's most important tourist areas. As a result of the resulting downturn in the tourism sector, higher oil prices and a decline in consumer demand, the pace of economic growth slowed to 4.4 percent over the first three quarters of 2005 and is expected to have increased by 4.75 percent for the entire year.
Since the latter half of 2005, the RTG has been struggling to retain its popular support amid clear signs of slowing economic growth and persistent unrest in southern Thailand. It is widely anticipated that both budget and current account will record deficits for the next few years as the RTG raises expenditure to stimulate the economy and restore its popularity with the electorate. Monetary conditions have also been tightening in response to inflationary pressures and the need to stabilize the Baht. With higher investment demand from the RTG's infrastructure development programs, GDP growth is forecast to improve to 4.5-6.0 percent in 2006 with a lower rate of inflation.
Treaty Of Amity: The U.S.-Thai Treaty of Amity and Economic Relations (AER) was originally signed in 1833. The 1966 iteration of the Treaty allows U.S. citizens and businesses incorporated in the U.S., or in Thailand that are majority-owned by U.S. citizens, to engage in business on the same basis as Thais, exempting them from most of the restrictions on foreign investment imposed by the Alien Business Act of 1999. Under the Treaty, Thailand restricts American investment only in the fields of communications, transport, fiduciary functions, banking involving depository functions, the exploitation of land or other natural resources, and domestic trade in agricultural products. Notwithstanding their treaty rights, many Americans choose to form joint ventures with Thai partners, allowing them to hold the majority stake because of their familiarity with the Thai economy and local regulations.
In the Uruguay Round trade negotiations, all parties agreed that the

privileges provided by the Treaty of Amity to U.S. investors in the service sector would be exempted from "Most Favored Nation" (MFN) requirements for ten years, beginning with the establishment of the World Trade Organization in January 1995. During this ten-year period, Thailand was expected to liberalize its investment regime to provide roughly equivalent treatment to all foreign investors in the service sector. This has not yet been the case. Both the U.S. and Thailand anticipate that the rights granted investors under the AER will be replicated in the bilateral FTA currently under negotiation.

Free Trade Agreement: In October 2003, President Bush and Prime Minister Thaksin announced the intention to begin bilateral free trade agreement (FTA) negotiations. The first round of FTA negotiations was held during June, 2004 in Hawaii, and the most recent in January 2006 in Chiang Mai, Thailand. The Thailand FTA will be the United States' second such agreement in Asia, following the FTA with Singapore. In September 2005, the two leaders agreed to target the completion of negotiations for the first half of 2006.

Registration, Work Permits: Any entity wishing to do business in Thailand must register with the Department of Business Development at the Ministry of Commerce. Firms engaging in production activities need to register with the Ministries of Industry and Labor and Social Welfare. American citizens can enter Thailand without a visa for visits of up to thirty days. In order to apply for a work permit, a foreigner must enter Thailand on a non-immigrant visa (issued at Thai embassies and consulates) for a stay of three months or, for foreigners with well-defined work or business plans, for a stay of one year. Issuance of the three-month visa usually is completed within two or three days; the one-year visa requires approval from the Immigration Bureau of the Royal Thai Police in Bangkok. Upon obtaining a work permit, a holder of a three-month visa may apply for a one-year visa, which generally can be extended every year. Foreigners holding non-immigrant visas who have lived in Thailand for at least three consecutive years may apply for permanent residence in Thailand if they meet strict criteria regarding investment or professional skills.

The Alien Occupation Law of 1972 (Decree Number 322) lists occupations reserved exclusively for Thais, including professional services such as accounting, architecture, law, engineering, the manufacture of traditional Thai handicrafts, and manual labor. The Law also states that all non-Thais working in Thailand, with limited exceptions, must possess a work permit issued at the discretion of the Ministry of Labor, although some foreigners already working in Thailand were exempted through a "grandfather" clause. Factors that influence the granting of work permits include the degree of specialization required by the position; the size of the firm in terms of number of employees and registered capitalization; and the ratio of Thai nationals to foreigners employed by the firm. Foreigners working for the Thai government or working on projects prompted by the Board of Investment (BOI) usually have little difficulty obtaining work permits. The government's "Buy Thai" policy creates a preference for Thai nationals in the hiring of government consultants, although the government continues to hire foreign consultants. Work permits in other areas are sometimes difficult to obtain, despite the fact that senior manager and technical personnel are in short supply. However, in the second half of 2005, the RTG is considering relaxing rules and regulations on foreign engineers and skilled technical personnel. This may be in-line with the government's implementation of a Baht 1.7 trillion (US$ 43.2 billion) 5-year megaproject infrastructure development program. Currently, Thai laws allows the import of migrant workers from three countries, Burma, Laos and Cambodia for manual labor in certain industries such as textiles.

Land Ownership: In general, non-Thai businesses and citizens are not permitted to own land in Thailand unless the land is on government-approved industrial estates. Under the 1999 amendment to the Land Code, foreigners who invest a minimum of 40 million baht (around $1 million) are permitted to buy up to 1,600 square meters of land for residential use with the permission of the Ministry of Interior. Petroleum concessionaires may own land necessary for their activities. Many foreign businesses instead sign long-term leases, and then construct buildings on the leased land. Under the 1999 Property Leasing Bill, non-Thais are allowed to own up to 100 percent of a condominium building, although other restrictions apply. Americans planning to invest in Thailand are advised to obtain qualified legal advice. Such advice is particularly important given the fact that Thai business regulations are governed predominantly by criminal law, not civil law. Violation of Thai business regulations can carry heavy criminal penalties, and criminal liability can be assessed under numerous laws.

Privatization: With the aim of encouraging capital inflows and relieving resource constraints in many key sectors of the economy, the RTG has embarked on a privatization program for state-owned economic enterprises and state monopolies. State-owned enterprises operate primarily in the utility, energy, telecommunications, banking, tobacco, and transportation sectors. In 2004, Thailand's 61 state-owned enterprises had total revenues of around 1.8 trillion Baht (about $45.5 billion), employed over 272,549 (7 percent of the Thai labor force), and accounted for approximately 28 percent of Gross Domestic Product (GDP).

In 1998, the Cabinet approved a "Master Plan for State Enterprise Reform". The Master Plan lays out a comprehensive strategy and timetable for privatization of infrastructure and various state-owned enterprises (SOEs). The 1999 State Enterprise Corporatization Act provides the framework for the conversion of state enterprises into stock companies, and corporatization is

viewed as an intermediate step toward eventual privatization. In 2001, the RTG partially privatized the Petroleum Authority of Thailand (PTT) and Internet Thailand (note: "corporatization" describes the process by which an SOE adjusts its internal structure to resemble a publicly-traded enterprise; "privatization" means that a majority of the SOE's shares is sold to the public, and "partial privatization" refers to a situation in which less than half a company's shares are sold to the public.)

In 2002, the RTG corporatized BankThai Bank and Krung Thai Card, a subsidiary company of Krung Thai Bank, the Airport Authority of Thailand (renamed to Airports of Thailand), and Telecommunication of Thailand. In 2003, the RTG corporatized the Communication Authority of Thailand, and partially privatized Krung Thai Bank. In March 2004, the RTG conducted a successful initial public offering of 30 percent of the shares in Airports of Thailand, and a second public offering of Bangchak Petroleum Public Company and Thai Airways International.

In early 2004, labor protests prompted the government to postpone the planned corporatization of the Electricity Generating Authority of Thailand (EGAT). The Stock Exchange of Thailand's (SET) relatively weak performance in the first half of 2004 further dampened the pace of privatization. In late June 2005, the RTG successfully corporatized EGAT. However, EGAT's anticipated listing in November was delayed following an order by the Supreme Administrative Court that suspended its stock offering until the court finishes its consideration of a petition filed by civil groups which oppose the privatization. The RTG believes that the halt will be only temporary, and the initial public offering will be able to resume in 2006.

In mid-August 2004, the government corporatized the Mass Communication Authority of Thailand (MCOT), which is listed on the stock market a month later with an initial public offering in November. However, the Ministry of Finance still is the majority shareholder of the company (77.28 percent). The Metropolitan Electricity and the National Waterworks Authority are next on the docket of state-owned enterprises for corporatization. Corporatization timetables have slipped repeatedly in the past, however, and it is not clear if the share offerings will actually take place before the end of the year.

Draft legislation for a State Investment Corporation (SIC) is designed to set up a supervisory entity for state enterprise privatization. The SIC will be 100 percent owned by the Ministry of Finance, and will regulate state enterprises that have been converted into private companies under the 1999 State Enterprise Corporatization Act. The legislation, however, was rejected by the Cabinet, and it will be reviewed and revised before forwarding to the Cabinet to reconsider.

Other than PTT, AOT and MCOT, few significant privatizations have occurred. Thailand has removed tax disincentives on buying domestic financial institutions. The previous foreign ownership limit of 25 percent was raised to 49 percent in 1997. Foreign banks are still limited to operation of a single branch.

In January 2004, the Cabinet approved a new Financial Sector Master Plan (FSMP) designed to increase competition by eliminating regulatory boundaries within the financial sector. The FSMP classifies financial institutions as either commercial banks able to provide all financial services except insurance, securities trading and brokerage; and retail banks, which will focus on small- and medium-sized enterprises (SMEs) and lower-income customers. According to the FSMP, retail banks "...may provide virtually all types of financial transactions with the same exceptions as commercial banks." The FSMP allows foreign banks to operate as full branches under the same conditions as Thai commercial banks, but without the option of opening branch offices, or subsidiaries, which would also operate as Thai commercial banks. Over time, the FSMP foresees foreign banks receiving permission to open 3-5 branch offices outside Bangkok but no timeframe is specified. All financial institutions had six months from February 1, 2004 to apply for a change of status. As a result of the FSMP, there are five new banking licenses have been granted by the Thai financial authorities in 2005. The FSMP is available in English at www.bot.or.th/bothomepage/BankAtWork/FinInsti tute/ FISystemDevPlan/ENGVer/pdffile/eng.pdf.

There is insufficient evidence to comment on how foreign investors will be treated under the privatization program. Foreign purchases were allotted 30 percent of the PTT and 12 percent of AOT initial public offerings, for example. According to management consultants retained by privatization authorities, foreign investors will have a substantial role in future privatizations. Senior RTG officials have also indicated that foreigners will be allowed to participate in upcoming privatizations.

CONVERSION AND TRANSFER POLICIES

Exchange controls are governed by the Exchange Control Act of 1942 and Ministerial Regulation Number 13 of 154, and are administered by the Bank of Thailand (BOT; Thailand's central bank). Inward remittances are free of controls, but foreign currency must be deposited in a foreign currency account or converted at an authorized bank within seven days of being remitted to Thailand. Foreigners staying in Thailand for less than three months, embassies, and international organizations are exempt from this requirement, however. The proceeds of exports with a value of more than 500,000 baht ($12,900) must be remitted as soon as received and within 120 days of export, and deposited within seven days of receipt.

Commercial banks are authorized to undertake most routine foreign remittance transactions without prior approval of the Bank of

Thailand. Nonresidents can open and maintain foreign currency accounts with authorized banks in Thailand. Such accounts must use funds that originate abroad. Thai nationals are subject to quantitative limits on the amount of foreign currency that can be remitted abroad without specific permission of the Bank of Thailand. The limits vary depending upon the purpose of the transaction, and range from $10 million per annum for business investment or loans to subsidiaries, to $100,000 for remittances to family members. The Bank of Thailand must approve the purchase of immovable assets or securities abroad.

All remittances exceeding $10,000 for any purpose other than export must be reported to the Bank of Thailand.

EXPROPRIATION AND COMPENSATION

Private property can be expropriated for public purposes in accordance with Thai law, which provides for due process and compensation. In practice, this process is seldom used, and has been principally confined to real estate owned by Thai nationals and needed for public works projects. U.S. firms have not reported any problems with property appropriation in Thailand, and we are not aware of any pending changes in RTG policies that would adversely affect the property rights of U.S. nationals in Thailand.

DISPUTE SETTLEMENT

Thailand has a civil and commercial code, including a Bankruptcy Act. Monetary judgments are calculated at the market exchange rate. Decisions of foreign courts are not accepted or enforceable in Thai courts. Disputes such as the enforcement of property or contract rights have generally been resolved through the Thai courts.

Thailand has an independent judiciary that generally is effective in enforcing property and contractual rights. The legal process is slow in practice, however, and litigants or third parties sometimes affect judgments through extra-legal means.

In addition, companies may establish their own arbitration agreements. Thailand signed the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States in 1985, but has not yet ratified the Convention. Thailand is a member of the New York Convention, however, and enacted its own rules on conciliation and arbitration in the Arbitration Act of 1987. The Arbitration Office of the Ministry of Justice administers these procedures.

The Bankruptcy Act was amended in 1999 to provide Chapter 11-style protection to debtors, and to give debtors and creditors the option of negotiating a reorganization plan through the courts instead of forcing liquidation. The Act now allows creditors to extend additional loans to insolvent firms without losing the right to claim compensation during a future restructuring or liquidation process, but only if the new loan is intended to keep the firm in operation. Also in 1999, the Act was amended to facilitate the financial restructuring process. Higher minimum levels for individual and corporate bankruptcies were established, and the previous ten-year period of bankruptcy status was reduced to three years.

In 2004, Parliament approved changes to the Bankruptcy Act including tightening the rules under which some debtors can emerge from bankruptcy status and streamlining the legal appeals process in bankruptcy and restructuring cases.

In an effort to quicken the foreclosure process, amendments to the Civil Procedure Code on Execution of Judgments have limited appeal options available to debtors. Under the old regulations, debtors were free to appeal each action taken with respect to the execution of a bankruptcy judgment. Such appeals, often frivolous in nature, were one of the tactics debtors used to delay the foreclosure process. In June 2001, the Supreme Court set an important legal precedent by ruling in favor of implementing a creditor-backed corporate restructuring plan opposed by the former owner of the business in question.

The Bankruptcy Court Act established a specialized court for bankruptcy cases. Since beginning operation in mid-1999 to October 2005, the Court has issued verdicts on 15,863 cases. Individual cases can take months or even years to work their way through the legal system, however, and many businesses have urged the government to speed up the bankruptcy procedure.

PERFORMANCE REQUIREMENTS AND INCENTIVES

In its December 1999 remarks, the WTO's Trade Policy Review Body noted that Thailand has committed to implement all WTO agreements, including Trade-Related Investment Measures (TRIMS). In its latest review in November 2003, the WTO noted Thailand's steady progress towards trade liberalization as well as macro-economic stabilization and key structural reforms, including financial sector rehabilitation, have promoted growth in the face of unfavorable global factors. Further improvement in Thailand's market access as well as progress in privatization and regulatory reforms, to make domestic markets more competitive, would raise productivity an attract much needed foreign direct investment and also assist a sustained recovery. Thailand's next review is scheduled for November or December 2007. The Board of Investment (BOI), established by the Investment Promotion Act of 1977, is Thailand's central investment promotion authority. The BOI lists five priority sectors (detailed below), covering hundreds of types of businesses eligible for investment incentives. Generally, the most generous incentives are offered to those economic activities that bring new technology to Thailand and locate investment in less-developed provinces. BOI incentives are of two basic types: tax-based (including tax holidays and tariff exemptions) and non-tax privileges (guarantees, special permissions, services, etc.).

The BOI's revised investment policy, effective from August 1, 2000, is as follows:

- In order to maximize the benefits of investment to the country, and in line with policies supporting good governance, the BOI uses a performance-based system that requires promoted investors to submit evidence of compliance with the conditions of their approval in order to claim incentive benefits.
- To increase the global competitiveness of Thai exports, projects investment 10 million baht ($250,000) or more, excluding the cost of land and working capital, will be required to obtain international standards certification, such as International Standards Organization (ISO) 9000.
- In order to ensure that Thai investment policy is in line with all international obligations, the BOI has lifted all local content and export requirements.
- The BOI pursues a decentralization policy to encourage the distribution of opportunities and prosperity to the least-developed provinces. Projects locating in the least-developed provinces will receive maximum incentives. These provinces consist primarily of provinces in which average per capita income has been below 85 percent of the national average during the past three years, including Sisaket, Nong Bua Lamphu, Surin, Yasothon, Maha Sarakham, Nakhon Phanom, Roi-Et, Kalasin, Sakon Nakhon, Buri Ram, Amnat Charoen, Phraea, Phayao, Nan, Satun, Pattani, Yala, and Narathiwat.

- To support the development of small- and medium-sized enterprises (SMEs), the minimum investment amount shall remain at one million baht ($26,000), excluding the cost of land and working capital.
- To promote investment in key sectors, five priority activities have been identified:
-- Agriculture and agricultural products;
-- Environmental protection and/or restoration;
-- Direct involvement in technological and human resource development;
-- Basic transportation, infrastructure, and services; and,
-- Targeted industries, including agro-industry, automotive, fashion, information technology/electronics, high value-added services, and semi-conductors.

Specific BOI incentives include:
- Tax incentives: exemptions/reductions of import duties on imported machinery; reductions of import duties on imported raw materials and components; exemptions from corporate income taxes for three to eight years; and, deductions from net income of infrastructure costs.
- Permissions: to bring in foreign nationals to undertake investment feasibility studies; to bring in foreign technicians and experts to work under promoted projects; to won land for carrying out promoted activities.
- Guarantees: against nationalization; against competition by new state enterprises; against state monopolization of the sale of products similar to those produced by promoted firms; against price controls; against tax-exempt import by government agencies or state enterprises of competitive products; and, of permission to export.

Tax incentives are the BOI benefits that offer the greatest advantage over non-promoted industries, though their relative value has declined in recent years with the general reduction of import duties and elimination of the former business tax system. The Value Added Tax (VAT) Law, which eliminated the business tax exemption, has no provision for the BOI to offer VAT exemptions or reductions.

Investors must submit an application form along with supporting documentation to be considered for incentives. In most cases, the BOI decides within sixty days whether or not a project is eligible for investment privileges. BOI policy is to complete action on applications for projects valued in excess of 500 million baht ($13 million) within 90 days.

As noted above, the following revisions to the BOI investment promotion scheme became effective on August 1, 2000:
- For projects in the manufacturing sector, majority or total foreign ownership is permitted in any zone.
- The maximum allowable debt-to-equity ratio was lowered from 4:1 to 3:1.
- Except for the electronic and agriculture industries, projects investing less that 500 million baht (about $12 million) must produce added value equal to at least 30 percent of sales revenue.
- For projects of more than 500 million baht (about $13 million), a feasibility study must be presented at the time of application.
- The BOI will continue to promote relocation of projects to Zone 2 and Zone 3 (special groups of 12 and 58 provinces, respectively). However, in order to be eligible for new incentives, projects must relocate to an industrial estate.
- Projects submitted before December 30, 2004 that locate in Zone 2 industrial estates approved by the BOI before the date of the announcement (i.e., August 2000) can enjoy a seven-year income tax holiday. After that date, the income tax holiday will be five years, in line with the new policy announcement.
- The 58 provinces of Zone 3 will be divided into two areas, based on each province's state of development. New projects in Zone 3 will no longer be eligible for a 75 percent reduction of import duty on raw materials used for domestic sales but will be eligible for exemption of import duty on machinery.

In 2001, the RTG amended its investment promotion conditions for regional headquarters. Business projects with registered capital of at least 10 million baht ($260,000), and in which overseas revenue accounts for at least half of annual income, are now eligible to receive BOI incentives, such as permission to own land, eased provisions for hiring expatriate staff, and additional tax breaks. In addition, the BOI has extended tax incentives in the automotive

machinery sector so that all automobile assemblers are eligible for import duty exemptions on machinery, regardless of the BOI geographic investment zone in which they operate. Total initial investment costs for eligible projects must be at least 10 billion baht (around $260 million).

In September 2002, the BOI promoted cluster development by relaxing zoning regulations. Projects formerly required to locate in Zones 2 or 3 are now free to expand wherever they wish. On environmental protection grounds, however, tanneries, bleaching and dying plants, cyanide-based heat treatment facilities, and facilities for the recycling/re-use of unwanted materials are ineligible for this zoning relaxation.

The BOI has also made "call center" facilities eligible for tax incentives. To be eligible, however, the project must be majority Thai-owned.

Thailand's membership in the WTO has led to a relative decline in the importance of tax-based investment incentives. In general, therefore, the BOI is placing increasing emphasis on business facilitation and investment services.

In June 2004, the BOI introduced special investment privileges to promote investment in the four northeastern provinces, namely Chiayaphum, Nong Khai, Ubon Racchathani, and Udon Thani due to their low per capita Gross Provincial Product (GPP). With this designation, all operations located in these four provinces will receive special privileges (see below), regardless of their location within or outside of industrial estates. These incentives include:

- A 50 percent reduction in corporate income tax for an additional five years beyond the initial 8-year exemption;
- Double income tax deduction of costs for transportation and utilities for a period of 10 years;
- Deduction of 25 percent of the project's infrastructure construction costs from net profit (for tax purpose) for a period of 10 years.

Additionally, the BOI will provide one-stop service center for investors in these provinces in order to work and coordinate with related government agencies on their behalf.

In early December 2005, the BOI approved new incentives in the form of tax advantages that are aimed at helping boost the competitiveness of companies investing in Thailand's electrical and electronics industries. In order to qualify for the new incentive packages, electrical and electronics companies have to be long-term investors with total investment of at least 15 billion Baht (about $375 million) and other requirements. Those incentives include 8-year of corporate income tax exemption periods for projects in zone 3. However, priority activities such as production of wafers and solar cells, will receive 8-year corporate income tax holidays regardless of project location. Furthermore, the BOI has granted duty exemptions for all electrical and electronics projects - not just those designed as long-term projects - permitting duty-free imports of upgraded or replacement machinery for the life of project operations. As long as they maintain BOI promotion status, projects can import machinery duty free on an on-going basis. In addition, the BOI has also expanded zone-based fiscal incentives for zone 1 and zone 2 (Bangkok and surrounding provinces) for all electrical and electronics projects. For example, projects in Bangkok located outside industrial estates were previously ineligible for corporate income tax holidays. Under new incentives, they will be eligible for 5-year exemptions.

Complete information on BOI policies, programs, incentives, and application procedures can be found on the BOI web site at www.BOI.go.th.

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

Private entities may establish and own business enterprises. The principal forms of business organization under Thai law are sole proprietorships, partnerships, limited companies, and public limited companies. In addition, branches of foreign corporations are recognized, and a "representative" or "liaison" office of a foreign company may receive special recognition. Regardless of the form of business organization, most businesses must apply for business registration. Establishment of a business in certain sectors by a foreign entity may be restricted by the Alien Business Act, or may not benefit from the Treaty of Amity and Economic Relations as discussed above.

A Thai public limited company is similar to a corporation in the United States, and may be wholly owned by a foreigner unless the corporation is involved in a business activity reserved for Thai nationals. A public limited company is allowed to offer its shares to the public. Eight laws pertaining to individual industries limit foreign ownership of companies listed on the Stock Exchange of Thailand.

PROTECTION OF PROPERTY RIGHTS

Property rights are guaranteed by the Constitution against condemnation or nationalization without fair compensation. Secured interests in property are recognized and enforced.

Thailand has a civil law system under which all laws are embodied in statutes or codes promulgated by the government. This practice is in contrast to the common law system in many Western countries, where court interpretations of statutes serve as governing legal precedent.

There is an independent judiciary that provides a forum for fair settlement of disputes. A great deal of status is attached to being a judge, and the examinations to enter the judiciary are very difficult. The judiciary jealously guards its independence.

Agencies of the government, as parties to commercial contracts, may be sued in the courts, and cannot raise a defense of sovereign immunity. However, state property is not subject to execution.

There are four basic codes: Civil and Commercial Code, Criminal Code, Civil Procedure Code, and Criminal Procedure Code. In adopting these codes early in the twentieth century, Thailand selected features of the two major Western legal systems (common law and civil law), and adapted to circumstances in Thailand provisions drawn from Britain, Germany, Switzerland, France, Japan, Italy, India, and other foreign systems. Decisions and rulings of the judiciary and civil service can have considerable force as precedents.
There are three levels to the judicial system in Thailand: the Court of First Instance, which handles most matters at inception, the Court of Appeals, and the Supreme Court. There are specialized courts such as the Labor Court, Family Court, Tax Court, the Central Intellectual Property and International Trade Court, and the Bankruptcy Court.
Intellectual Property Protection: Thailand has passed all TRIPS-mandated legislation by passing the Geographical Indications Act which went into force April 28, 2004. Thailand is a signatory to the Berne Convention, but not the Paris Convention, the Patent Cooperation Treaty (PCT), or the World Intellectual Property Organization Performances and Phonograms Treaty (WPPT). With the establishment of a specialized Central Intellectual Property and International Trade Court in 1997, Thailand has a solid legal and administrative infrastructure for intellectual property rights (IPR) protection.
Despite a good working relationship between foreign business entities and Thai enforcement authorities, however, IPR piracy continues at high levels. U.S. copyright industries reported an estimated annual trade loss of more than US$175 million from IPR infringement in 2004, and a majority of Thai and foreign companies operation in Thailand are estimated to use illegal software. Since November 1994, Thailand has been on the U.S. Special 301 "Watch List".
There are many obstacles to effective IPR enforcement. Thailand's patent office lacks sufficient resources to keep up with its volume of applications, and patent examinations can take more than five years. The copyright law is ambiguous regarding de-compilation, and regulations for enforcement procedures leave loopholes that frustrate effective enforcement. The Thai government is in the process of amending the Copyright Law in order to bring it in line with the WIPO treaties. The Optical Disk Manufacturing Control bill entered into force in August 2005. This legislation is designed to enhance the authority and capabilities of the Thai government to act against operators of illicit optical disk factories and to control the production materials and machines of legal producers. U.S. copyright industries express concern that the Act's penalties are not sufficiently deterrent to pirates and do not enhance the government's enforcement and oversight powers enough. The Trade Secrets Act that entered into force in 2002 allows government

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agencies, under certain circumstances, to disclose trade secrets to protect any "public interest" not having commercial objectives, giving rise to concerns that authorities will not be required to protect approval-related data against unfair commercial use. Implementing regulations for the Act have yet to be approved. Although conviction rates in IP prosecutions are very high, corruption and a cultural climate of leniency can complicate some phases of case administration.
TRANSPARENCY OF THE REGULATORY SYSTEM
In 1999, Thailand enacted a new Trade Competition Act intended to strengthen the government's ability to regulate price fixing and market monopolies. The law established a Trade Competition Commission with the authority to place limitations on market share and revenues of firms with substantial control of individual market sectors, to block mergers, and other forms of business combinations, and to levy fines for price-fixing and other proscribed activities. The government continues to have the authority to control the price of specific products under the Goods and Services Price Act of 1999. In practice, very few commodities are subject to formal price controls. Currently, out of 34 controlled commodities, only one "sugar" was subject to a price ceiling. In a development related to rising oil prices associated with political tensions in the Middle East, the RTG imposed price imposed oil price controls between February 8 and May 19, 2003 period, and January 10, 2004 to October 21, 2004 (for benzene), and January 10, 2004 to July 13, 2005 (for diesel) . During the second period (January 2004 to July 2005), the cost of oil subsidy to the RTG was recorded at 92.1 billion Baht (or $ 2.3 billion). The government also uses its controlling stakes in major suppliers of products and services such as Thai Airways and PTT to influence prices in the market.
Thailand has extensive legislation aimed at the protection of the environment, including the National Environmental Quality Act, the Hazardous Substances Act, and the Factories Act. Food purity and drug efficacy are controlled and regulated by a Food and Drug Administration with authority similar to its U.S. counterpart. Likewise, labor and employment standards are set and administered by the Ministry of Labor.
Despite the good intentions of most regulatory regimes, consistent and predictable enforcement of government regulations remains an obstacle to investment in Thailand. Gratuity payment to civil servants responsible for regulatory oversight and enforcement remains a common practice. Through such payment, transactions can be expedited. Firms that refuse to make such payments can be placed at a competitive disadvantage when compared to other firms in the same field. However, most observers believe that the overall trend in

this respect is positive, especially in foreign-owned businesses.

EFFICIENT CAPITAL MARKETS AND PORTFOLIO INVESTMENT

The Thai government maintains a regulatory framework that broadly encourages investment and largely avoids market-distorting support for specific sectors. Government policies generally do not restrict the free flow of financial resources to support product and factor markets, and credit is generally allocated on market terms rather than by "directed lending." Legal, regulatory, and accounting systems are largely transparent, despite significant problems in some areas. The Thai government has devoted considerable effort to bringing these systems into line with international norms, and important progress has been made. However, much remains to be done to implement legal and regulatory changes, and human resource constraints will limit overall progress in some areas, particularly auditing, for the foreseeable future.

In 2001, a new Telecommunications Bill reduced the maximum stake a foreign firm could own in a telecommunications company from 49 to 25 percent. The change prompted a widespread outcry from the foreign business community, and the Cabinet has approved an amendment to the legislation that will raise the foreign ownership limit back to 49 percent. The amendment has not yet been approved in Parliament, however.

In 2002, the National Corporate Governance Committee (NCGC), chaired by the Prime Minister, was assigned to implement international-standard corporate governance policies. In conjunction with Thai Rating and Information Services Co., Ltd. (TRIS), the Stock Exchange of Thailand (SET) and the Thai Securities and Exchange Commission (SEC) began rating companies on their corporate governance practices. The NCGC claimed that Thai corporate governance policies cover most key points addressed by the Sarbanes-Oxley Act in the U.S.

Foreign investors are not restricted from borrowing on the local market, but there are a number of regulations that affect foreign portfolio investment. Thailand maintains regulatory maximum foreign ownership limits, and shares of listed companies are traded on both a domestic and alien (or foreign) board to enable authorities to track foreign ownership. Limits on foreign ownership of Thai companies are perhaps most prominent in the financial sector. Foreign firms are limited to a 49 percent stake in financial institutions.

In theory, the private sector has access to a wide variety of credit instruments, ranging from fixed term lending to overdraft protection to bills of exchange and bonds. In fact, however, private debt markets are not well-developed, and most corporate financing, whether for short-term working capital needs, trade financing, or project financing, is commercial bank/finance company borrowing. The Ministry of Finance is working on developing Thailand's debt markets.

Following the 1997-1998 financial crisis, banks have generally overhauled their lending systems and taken a more conservative approach. Thai borrowers were also reluctant to taken on more debt due both to overcapacity and a desire to maintain clean balance sheets. With the rapid growth of the Thai economy over the last several years, however, bank lending has started to increase. As of November 2005, total commercial bank credits were 6.4 percent above their level of a year earlier, and 5.1 percent above their level before the Asian Financial Crisis began in July 1997. After factoring in write-offs of outstanding debt and loans transferred to asset management companies (AMCs), commercial bank credits in November are up 8.2 percent from the same period last year and up 26.7 percent from July 1997.

The overall health of the banking sector remains affected by the high levels of non-performing loans (NPLs) banks carry on their books. After peaking at 47 percent of total lending in May 1999, NPLs slowly declined to stand at 9.92 percent of total loans in November 2005. Ongoing debt restructuring will make the NPL level decline further, but progress has been slow.

The Thai Asset Management Corporation (TAMC) is a major component of the government's financial reform plan. With broad legal powers to expedite debt restructuring and press creditors and debtors to the negotiating table, the TAMC has taken over 15,302 cases with book value of 778.1 billion baht ($19.5 billion) in bad loans from local financial institutions and asset management companies as of June 2005, at the transfer price of 264.7 billion baht or around 34.02 percent of the book value of the total transferred assets through the end of the second quarter of 2005, TAMC has successfully restructured 99.27 percent of the total impaired assets transferred to the TAMC with the expected recovery rate of 48.2 percent of book value.

Assets are transferred at collateral value, excluding personal guarantee, with payment coming in the form of ten-year non-negotiable bonds issued by the TAMC and guaranteed by the Financial Institution Development Fund (FIDF). Interest paid by the bonds will be tied to average deposit rates quoted by Thailand's five largest banks.

In addition to legal limits on foreign ownership in certain sectors, Thai firms employ defenses against foreign investment primarily through cross- and stable-shareholding arrangements. Such defenses against hostile takeovers are typically applied against all potential investors, rather than against foreign potential investors alone. Companies are permitted to specify limits on foreign ownership more strict than those established by the government. In general, limits on foreign ownership and participation in the Thai economy have eased since the Asian Financial Crisis.

In 2001, the government announced five new investment funds designed to stimulate activity in the Thai capital market. Several of these

funds are open to foreign participation, including the Thailand Equity Fund, which is investing $250 million in large Thai industrial firms undergoing corporate restructuring, the Thailand Recovery Fund, an off-shore fund that focuses on medium-sized Thai firms, and the Thailand Corporate Recovery Fund, which is raising $500 million for investment in Thai firms, especially businesses undergoing restructuring through the TAMC (see above). These funds have not yet been fully implemented, however.

In June 2003, the government announced the creation of the "Vayupak Mutual Fund", a new national investment fund. According to implementing regulations, the fund is under the authority of the Ministry of Finance, and operates according to Thailand Securities and Exchange Commission (SEC) regulations. The Vayupak Fund I, with capital of 100 billion baht (about $2.3 billion), invests in state-owned enterprises and state-owned financial institutions, as well as common stocks, bonds, preferred shares, and other debt instruments specified by the Ministry and approved by the Cabinet. The fund has a 10-year maturity, with the option to extend. It offers a yield-guarantee on its investment. The Ministry of Finance holds 30 percent of the fund while the rest is held by public. On December 3, 2003, the Vayupak Fund I (VAYU1) was listed on the Stock Exchange of Thailand with 7,000 million units worth 10 baht ($0.24) each.

Initially the Ministry also planned to launch "Vayupak Fund II" after the Vayupak Fund I listed on the stock market with around 50 billion baht ($1.25 billion) in capital, with a focus on large-scale infrastructure investment.. However, the plan has been shelved, and there is no clear time frame when the Ministry will dust off the plan.

POLITICAL VIOLENCE

In recent years, Thailand has developed a much more stable and transparent political system, although in the past there were frequent changes in government, often by military intervention. The last coup was in 1991, followed in 1992 by political unrest and a confrontation in the streets of Bangkok in which over 50 civilian demonstrators were killed. The "May 1992 events" were a shock to the Thai political system, and stimulated a remarkable democratic recovery. Since 1992, the military has not interfered in the operation of the civilian government, and this situation appears likely to remain the case for the foreseeable future. In this period, there have been four successful elections (1992, 1995, 1996, and 2001), and five peaceful transitions of government. A non-partisan assembly re-wrote the nation's constitution, which was put into force in October 1997. One of the main reforms of the new constitution was the establishment of a number of independent agencies to provide checks and balances in the political system. Among the most notable are the Election Commission, the National Counter-Corruption Commission, and the Constitutional Court. Although political problems such as vote-buying remain endemic, these organizations have taken major steps toward cleaning up the system and instituting political reform. An important political problem for the RTG is the ongoing political violence in Thailand's southern-most provinces (Yala, Narathiwart, and Pattani). Efforts to quell the violence, which has been confined only to three provinces, through an expanded military presence and increased government investment have not yet had much effect.

CORRUPTION

Thailand has laws to combat corruption. The independent National Counter-Corruption Commission coordinates official efforts against corruption. American executives with long experience in Thailand advise new-to-market companies that it is far easier to avoid getting started with corrupt transactions than to stop such practices once a company has been identified as willing to operate in this fashion. American firms that operate under the strict guidelines of the Foreign Corrupt Practices Act are able to compete successfully in Thailand.

Despite recent improvements, both foreign and Thai companies continue to complain about irregularities in the Thai Customs Service. Recent Thai administrations have stated publicly their intention to improve transparency in the evaluation of bids and the awarding of contracts. Increasing media scrutiny of public figures has raised political pressure to curtail favoritism and corruption. However, convictions against public officials on corruption-related charges are rare, and the legal system offers inadequate deterrence against corruption. Nonetheless, the press features frequent allegations of irregularities in public contracts, most notably over the use of public lands, procurement favoritism (e.g., revising requirements so that a preferred company wins over its competitors), and police complicity in a variety of illegal activities.

According to some studies of Thailand, a cultural propensity to forgive bribes as a normal part of doing business and to equate cash payments with finders' fees or consultants' charges, coupled with the low salaries of civil servants, encourages officials to accept illegal inducements.

BILATERAL INVESTMENT AGREEMENTS

The 1966 iteration of the U.S.-Thai Treaty of Amity and Economic Relations (AER), discussed above, allows U.S. citizens and businesses incorporated in the U.S., or in Thailand that are majority-owned by U.S. citizens, to engage in business on the same basis as Thais. Under the AER, Thailand is permitted to apply restrictions to American investment only in the fields of communications, transport, banking, the exploitation of land or other natural resources, and domestic trade in agricultural products.

In October 2002, the U.S. and Thailand signed a bilateral Trade and Investment Framework Agreement (TIFA). The TIFA establishes a Trade

and Investment Council (TIC), which serves as a forum for discussion of bilateral trade and investment issues such as intellectual property rights (IPR), customs, investment, biotechnology, and other areas of mutual concerns. This framework has helped lay a basis foundation for the on-progress free trade agreement between U.S. and Thailand, which is expected to be finalized by mid-2006.
Thailand also has bilateral investment agreements (called agreement on the promotion and protection of investment) with 37 countries, including Germany, the Netherlands, the United Kingdom, China, and members of the Association of Southeast Asian Nations (ASEAN). These agreements establish guidelines for expropriation compensation and the repatriation of capital, but do not include national treatment provisions.
OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS
The Overseas Private Investment Corporation (OPIC) is open for business in Thailand, and has provided a $930,000 direct loan for a tourist submarine in Phuket. OPIC is planning to establish a special line of credit of up to $175.75 million to mobilize U.S. private sector investment in the reconstruction of nations devastated by the December 26 (2004) tsunami. The credit line will be part of an OPIC Tsunami Reconstruction Finance Initiative that aims to help speed

SIPDIS
the rehabilitation of housing and infrastructure in affected countries, including Thailand. The agency claimed that it is currently providing almost $904 million in financing and political risk insurance support for projects in Indonesia, Thailand, and Sri Lanka, the three countries most devastated by the tsunami. Thailand became a member of the Multilateral Investment Guarantee Agency (MIGA) in October 2000.
OPIC finance loans of up to $200 million per project are also available for business investments in Thailand, and cover sectors as diverse as tourism, transportation, manufacturing, franchising, power, and others. In addition, OPIC supports six equity funds that are eligible to invest in projects in Thailand. Through OPIC, investors have access to political risk insurance, debt financing, and equity.
LABOR
According to the National Statistics Office, as of March 2005, Thailand had a labor force of 35.28 million workers out of a total population of 65.27 million. There are 14.26 million Thai citizens over 15 years old who are not considered part of the labor force. The unemployment rate was 2.5 percent during the first quarter of 2005, compared to a recent low of 1.5 percent for the second half of 2004, and a high of 4.4 percent in 1998 immediately following the Asian financial crisis. The rise in unemployment in early 2005 was largely caused by the tsunami disaster of December, 2004, which significantly harmed the tourist sector. Statistics for the second half of 2005 are expected to show a rebound in employment fueled by strong export growth and a gradual recovery in tourism. The official unemployment rate does not include an estimated 1-2 million "seasonally unemployed" agricultural workers.
The general decline in the unemployment rate since the late 1990s is explained by increasing economic growth, especially in the real estate, manufacturing, construction, and financial sectors. Unemployment is currently close to the level that prevailed before the 1997-98 financial crisis, which caused a significant increase in unemployment and underemployment through 2000.
The Thai government's decision not to forcibly repatriate large numbers of foreign workers in the fisheries, construction, and other semi-skilled sectors may also have affected employment levels. In July 2004, 1.2 million migrants registered during a one-month window. The workers were allowed to remain in Thailand for one year, and were granted the right in 2005 to extend their stay for another year. The Thai government concluded labor memorandums of understanding (MOUs) with Laos, Cambodia, and Burma in an effort to organize workers from those countries, although there are significant numbers of non-Thai workers who remain in the country illegally.
Despite past rapid growth in the industrial and service sectors, 35 percent of the Thai labor force is still employed in the agricultural sector. However, the shift of workers from agriculture is continuing, especially in the Northeast, where agricultural productivity and investment are lower. As a consequence, recent years have seen a constant flow of rural, generally unskilled Thais seeking work in Bangkok and the more industrialized regions, both seasonally and on a permanent basis. This ready availability of migrant labor contributed to the rapid growth of Thailand's industrial and construction sectors.
The economic downturn of the late 1990s stemmed labor market shortages of workers with at least a secondary education. As Thailand's economy resumes growth, however, highly skilled and experience engineers, technicians, and managers are again in short supply. In the past, many multinational firms brought in expatriate professionals because qualified local personnel simply were not available, even at high salaries. Finding, training, and retaining qualified employees to work in the manufacturing facilities being developed in industrial estates, such as those along the Eastern Seaboard, will continue to be a challenging government priority.
Thailand's educational system is still geared to the needs of a largely agrarian, traditional economy and society and lags behind the country's contemporary skills requirements. The government has made great progress over the last two decades in providing basic education. Thailand's gross primary school enrollment in 2005 was over 100 percent (note: The official primary enrollment age is 6-11; in practice, however, children outside that age group may also

enroll in school, pushing the figure over 100). The "learning rate" (the ratio of the population over 15 years of age which has completed primary education to the total population of 15 years of age and over) is estimated by the Thai government at 58.7 percent. In 2003, Thailand had 384,875 students enrolled in public and private colleges and universities. According to Civil Service Commission records for students under its supervision, over 6,000 Thai students are currently studying abroad, including 1,800 students studying in the U.S.

An integral part of Thailand's educational reform program, the country's first National Educational Act was promulgated in 1999. The Act stipulates the right of all Thai citizens to receive free basic education public education for at least twelve years and raised the level of compulsory education from six to nine years. Pursuant to the 1999 Act, the free basic education and compulsory education provisions took effect in August 2002. Children are required to enroll in a basic education institution from the age of seven, and must remain in the educational system through the age of sixteen.

All employees must define the terms of employment for their staff, and employers with ten or more employees are required to specify working regulations. The Labor Protection Act, enacted in 1998, brought labor practices more in line with International Labor Organization (ILO) standards. The law cut the workweek to a maximum of forty-eight hours, including overtime for all types of work, with overtime payable at one and one-half times the hourly rate. Hazardous work may not exceed seven hours per day or forty hours per week. All employees are entitled to a vacation of six workdays per year, in addition to thirteen holidays traditionally observed in Thailand. Under the labor law, the employment of children under the age of fifteen is prohibited, and there are restrictions on the employment of children and youths between the ages of fifteen and eighteen.

Thailand's social safety net is considered inadequate by industrialized-country standards. The social security scheme consists of two systems. The Workmen's Compensation Act of 1994 requires employers with one or more employees to contribute 0.2-1.0 percent (depending on the assessed risk of the workplace) of the employee's annual earnings to the Workmen's Compensation Fund. The Fund provides benefits to employees who are injured, sick, disabled, or die from work-related injury. Pay-outs range from a minimum of 2,000 to a maximum of 9,000 baht per month. The second major system, the Social Security Act, has been in effect since 1990. This Act also covers enterprises with one or more employees. Contributions to the Social Security Fund from the government, the employer, and the employee are mandated. The Social Security Fund provides compensation to insured workers under six categories: injury or sickness, disability, maternity, death, child welfare, and pensions. In the first four categories, each party contributes 1.5 percent of the wages to the insured. For child welfare and old age cases, three percent is contributed. Effective January 1, 2004, the Social Security Fund covers unemployment compensation. If an employee is laid off, he is entitled to receive 50 percent of his wages for 180 days. In practice, disbursal of unemployment benefits is dependent on the state of the economy and the government's financial resources.

The labor relations climate is generally peaceful, and formal strikes are infrequent. There were ninety-seven labor disputes nationwide in 2003, but most were resolved through mediation. Only one strike was registered in 2003, and there were four employer lock-outs. Less than four percent of the total labor force is unionized; nearly 11 percent of the industrial work force is organized. Unionization is high in state enterprises, however, with over half of state enterprise employees belonging to a union. In 2000, the union rights of state enterprise workers were successfully restored after having been abolished in the wake of a 1991 military coup. The State Enterprise Labor Relations Act (SELRA) was reaffirmed by the Thai parliament and became law in 2000.

FOREIGN TRADE ZONES/FREE PORTS

Thailand has ten export processing zones (or free trade zones), reserved for the location of industries manufacturing for export only, to which businesses may import raw materials and export finished products free of duty (including value added tax). These zones are located within industrial estates, and many have customs facilities to speed processing. The free trade zones are located in Chonburi (2), Lampun, Pichit, Songkhla, Samut Prakarn, Bangkok (at Lad Krabang), Ayuddhya (2), and Chachoengsao. In addition to these zones, factories may apply for permission to establish a bonded warehouse within their premises to which raw materials, used exclusively in the production of products for export, may be imported duty free.

The Industrial Estate Authority of Thailand (IEAT), a state-enterprise under the Ministry of Industry, established the first industrial estates in Thailand, including Laem Chabang Industrial Estate in Chonburi Province and Map Ta Phut Industrial Estate in Rayong Province. More recently, private developers have become heavily involved in the business. The IEAT operates twelve estates, plus 22 more in conjunction with the private sector. Private sector developers operate over 50 industrial estates, most of which have received promotion privileges from the Board of Investment.

FOREIGN DIRECT INVESTMENT STATISTICS

The Bank of Thailand (BOT) provided all statistics.

Foreign direct investment (FDI), including inflows from banking sector, totaled 86.3 billion baht ($2.1 billion) in 2005 (Jan-Oct), compared with 11.8 billion baht ($296 million) in 2004 (Jan-Oct),

and 61.8 billion baht ($1.5 billion) in 2003 (Jan-Oct). Major FDI recipients included real estate ($237 million), machinery & transport equipment ($203 million), financial institutions ($169 million), and services ($145 million) sectors.
Japan was the biggest source of FDI in 2005 (Jan-Oct), at $378 million, followed by Singapore at $305 million and U.S. at $290 million. There are no reliable statistics available for cumulative investment by country of origin. The Embassy estimates the total present value of U.S. investment in Thailand to be in excess of $21 billion.
According to the Board of Investment (BOI), in 2005 (Jan-Nov), major U.S. investment projects approved by the BOI totaled 8.4 billion baht ($210 million), including the following (note that a U.S. investment is classified as any investment with at least ten percent U.S. capital):
- Innovex (Thailand) Ltd. (printed circuit board; 100 percent export)
- Avery Dennison (Thailand) Ltd. (self adhesive paper & film & silicon & coated paper; 50 percent export)
- Euro Lotus Co., Ltd. (retirement homes and care centers; 100 percent export)
- Precision Valve (Thailand) Ltd. (plastic balls; 80 percent export)
- Thai Aerodynamics Co., Ltd. (repair of aircraft component; 80 percent export)
- Avanex (Thailand) Ltd. (fiber optic telecommunication equipment; 0 percent export)
- Cargill Siam Ltd. (feed for aquatic animal: 0 percent export)

BOYCE